



# **CURRENCY**

## **Committee on Financial Services**

**Michael G. Oxley, Chairman**

**For Immediate Release:**

**Contact: Peggy Peterson at 226-0471**

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## **Rogers Bill to Combat Financial Fraud Slated for House Vote**

A bill approved by the House Financial Services Committee to prevent financial fraud is scheduled to be considered by the House of Representatives this week.

The Financial Services Antifraud Network Act, H.R. 1408, introduced by Rep. Mike Rogers (MI), establishes a computerized network linking the anti-fraud databases of the nation's financial regulators and law enforcement agencies.

"As a former special agent of the FBI, I know firsthand that criminals come in all shapes and sizes," Rogers said. "Advances in modern technology and the Internet have created a new frontier for criminals, allowing them to defraud consumers with a mere click of a computer mouse. Our regulators need the same technological tools."

At the local, state and federal levels over 250 different agencies are tasked with regulating banks, securities firms and insurance companies. Unfortunately, coordination among them is lacking. For example, recently indicted financier Martin Frankel, after being barred from securities activity, slid over to insurance where he preceded to bilk the industry of some \$200 million in eight years.

Frankel's ability to move from securities to insurance, and the ease with which he was able to flout financial regulators, may have been deterred by better cooperation and communication among the agencies that guard our financial marketplace.

"This is a common sense, low-cost solution that will bring the regulatory architecture into line with the modernized era of financial services," said Committee Chairman Michael G. Oxley (OH). "Now with the war on terrorism, the stakes are even higher. We must ensure that the U.S. financial system is not a tool for criminal use."

The networking capabilities will open up lines of communication without any new collection of information and without the creation of any new databases. No consumer information will be shared -- only information related to fraudulent activity will be shared and only among financial regulators.

It's estimated that financial fraud costs the industry \$100 billion each year, most of which is passed on to consumers through higher prices.

Financial Institutions and Consumer Credit Subcommittee Chairman Spencer Bachus (AL) said, "The antifraud network established by this legislation will help level the playing field between the Frankels of the world and the financial regulators charged with policing fraud and protecting consumers."

H.R. 1408 is scheduled for House consideration Tuesday, Nov. 6. The House Financial Services Committee approved the bill June 27, 2001 by a voice vote.

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